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ABSTRACT

This publication provides the investigator with general information about the Aid to Families with Dependent Children (AFDC) program, including who is covered, how the program is administered, how individuals defraud the program, and past experiences with investigating fraudulent activities. The publication also explains how the staff of the Office of the Inspector General (OIG) interact with the State and local officials who administer the AFDC program. Chapter I provides background information about AFDC, while Chapter II discusses eligibility standards. Chapter III identifies types of AFDC violations, including unreported or under-reported income, unreported/concealed resources, misrepresentation of family unit, and duplicate/multiple aid. In Chapter IV the role of the OIG with respect to the AFDC program is briefly delineated. Chapter V discusses the types of AFDC cases in which OIG investigators became involved. Chapter VI excerpts the federal criminal statutes under which AFDC fraud has been prosecuted. Chapter VII describes AFDC projects and studies that have been conducted by or directly involved OIG, such as Project Match, The Connecticut Alien Benefit Project, Project Missing Kids, and Project Birthdate. Appended are excerpts from the AFDC States Benefit Project User's Manual and the names and addresses of AFDC Regional Project Agents for each Federal Region. (RH)

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FOREWORD

This is one of a series of investigative guides on Social Security programs.

The object of this publication is to provide the investigator with a general understanding of the Aid to Families With Dependent Children (AFDC) program under Title IV-A of the Social Security Act, whom it covers, how it is administered, how individuals attempt to defraud the program, and what experience has shown with respect to the investigation of these fraudulent activities. The publication is also intended to be a reference tool that will provide the investigator with insight into how staff of the Office of the Inspector General interact with the State and local officials who administer the AFDC program.

Any comments or questions concerning the guide, or requests for additional copies, should be directed to:

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I. BACKGROUND

A. Inception, Scope of Program

Title IV-A of the Social Security Act (enacted August 14, 1935) established the Federal/State program which is known as the Aid to Families With Dependent Children (AFDC) program. Presently, all 50 States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands participate in the program.

B. Number of Recipients, Costs

The number of individuals receiving AFDC benefits for any given month over the past several years has remained around the 11 million figure. The cost of the program which is funded with both Federal and State monies has increased through the years; however, when one compares it with the increase in costs in other income and health maintenance programs, the increase in AFDC costs has not been striking. This is at least partly due to the fact that increases in the AFDC benefit amount are basically a State prerogative, unlike, for example, those Federally-administered income maintenance programs which are indexed to the cost of living and are increased accordingly.

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About $13 billion in AFDC benefits were paid in 1983. The Federal share was about $7 billion. An additional $900 million in Federal monies was used to cover Federal, State, and local administrative and training costs.

C. Administration of the Program

The States are responsible for the day-to-day administration of the AFDC program. However, the Office of Family Assistance (OFA) within the Social Security Administration (SSA) is responsible for seeing to it that the States administer the AFDC program in accord with the provisions of the law (42 U.S.C. 601-675). OFA also issues regulations in furtherance of these laws. These regulations may be found in 45 CFR, Part 201 et. seq.

In addition to these activities, OFA is responsible for the overall well-being and orderly administration of the program. In this regard, OFA assists the States by conducting studies, providing guidance and training, and keeping the States informed about developments in the AFDC area in general, e.g., informing States how other States are dealing with certain requirements of the program.

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The AFDC law requires uniformity with respect to certain aspects of the program; e.g., a State wishing to participate in the AFDC program must provide in its State plan that aid under the program will be available in all political subdivisions of the State. Similarly, the State plan must provide for a single State agency to administer or supervise the administration of the program. However, once the State meets the basic criteria, the law, as well as the regulations promulgated under that law, permits the State substantial latitude in how the program will be administered in the State.

D. State and Local Law Enforcement

There is nothing in Title IV-A of the Social Security Act requiring the States to have a specific investigative unit/component charged with enforcing the provisions of the AFDC law. However, section 402(a)(5) of the Act (42 U.S.C. 602(a)(5)) does require that State plans "provide such methods of administration...as are found by the Secretary to be necessary for the proper and efficient operation of the plan...." By regulation (45 CFR 235.110), this statutory requirement has been expanded upon so as to require that a State plan under title IV-A provide:

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"(a) That the State agency will establish and maintain:

(1) Methods and criteria for identifying situations in which a question of fraud in the program may exist, and

(2) Procedures developed in cooperation with the State's legal autnorities for referring to law enforcement officials situations in which there is valid reason to suspect that fraud has been practiced.

The definition of fraud for purposes of this section will be determined in accordance with State law.

(b) For methods of investigation of situations [in] which there is a question of fraud, that do not infringe on the legal rights of persons involved and are consistent with the principles recognized as affording due process of law."

This regulation, while requiring the States to develop procedures to detect, investigate and refer fraud cases to State legal authorities, nonetheless gives the States a great deal of latitude relative to how they will conduct their activities to combat fraud within the AFDC program. Consequently, not only is there a wide variance among the States as to how they are set up to detect, investigate and prosecute fraud cases, but there are also variances <u>within</u>

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States, especially where the State agency merely supervises the administration of the program as opposed to administering it.

In this regard, in some jurisdictions the welfare case worker is also responsible for investigating the fraud aspects; in others, the worker refers the case to an investigator; and in still others, the case worker refers it to the local police or district attorney who will then investigate the case. In sum, there is no standard practice among the States vis-a-vis the investigation of AFDC cases.

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II. ELIGIBILITY STANDARDS

A. General

Just as the AFDC law requires the States to meet certain standards relative to how the program must be set up in the State organizationally, it also imposes certain minimal standards relative to who might be eligible for benefits under the program; e.g., combined value of a family's resources (excluding the home and an automobile with an equity value of $1,500 or lower at State option) must be $1,000 or lower if State so determines. In determining the amount of a family's combined resources, the law provides that the amount is to be reduced by any obligations or debts with respect to such resources.

Since the eligibility standards (within these broad criteria) vary from State to State, the OI investigator should contact the State or local agency administering the program whenever a question of eligibility for AFDC is at issue. The basic idea the OI investigator should keep in mind is that the program is a needs-type program and, as such, allowable income and resources are minimal.

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B. Who is Covered by the AFDC Program

The purpose of the AFDC program is to encourage the care of dependent children in their own homes or in the homes of relatives. Under section 406 of the Social Security Act a dependent child is defined as:

> "a needy child (1) who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece in a place of residence maintained by one or more of such relatives as his or their own home, and (2) who is (A) under the age of eighteen, or (B) at the option of the State, under the age of nineteen and a full-time student in a secondary school (or in the equivalent level of vocational or technical training), if, before he attains age nineteen, he may reasonably be expected to complete the program of such secondary school (or such training)...."

A child who is not living in the home of a parent or of one of the relatives identified above does not quality for AFDC. In such situations the State foster care program is the source of support for the needy child.

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The States may at their option extend AFDC coverage to a pregnant woman but only if it has been medically verified that the child is expected to be born in the month of payment or within the three following months. Similarly, the States may also extend AFDC coverage to children deprived of support because of the unemployment of a parent who is the principal wage earner. As of September 1983, 24 States were paying AFDC on this basis.

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III. TYPES OF AFDC VIOLATIONS

Since the AFDC program and the Supplemental Security Income (SSI) program under Title XVI of the Social Security Act (42 U.S.C. 1381-1385) are both needs-type programs, many of the violations associated with these programs are similar, e.g., excess resources, unreported income, unreported work activity, false identity, etc.

While it is true in the AFDC program that some fraudulent statements, representations and failures to report/concealments are impossible to detect through systematic means, e.g., computer interfaces, and that without informants many violations would go undetected, the States are becoming increasingly and successfully engaged in computer matching efforts to detect certain types of violations. The following is a brief discussion of some of the more common types of violations and how the States attempt to identify them.

A. Unreported or Under-reported Income

As in the SSI program, income may be either earned, e.g., wages; unearned, e.g., VA/SSA benefits, interest, dividends; or support in kind, e.g., free rent. Since the assistance grant is based upon the income of the family unit, the unreported income of any member of the unit or support

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furnished by non-members may result in an overpayment or total ineligibility.

1. Earned Income

Since October 1979, State welfare agencies have been required (by law) to use wage information contained in State Employment Security Agency files or social security files for purposes of determining AFDC eligibility and payment amounts. Most States are complying with this law by matching their AFDC rolls against the State wage records rather than the earnings information maintained by SSA as the latter is not as current. Many States also routinely match their AFDC rolls against the Unemployment Compensation benefit rolls and the Workers' Compensation rolls in order to identify income from these sources and possible unreported work activity.

2. Unearned Income

Unearned income, as noted earlier, takes many forms. One form is in the nature of Social Security benefits. Most States conduct a match between their AFDC rolls and SSA's payment rolls in order to detect the receipt of social security benefits. It should be noted that while the system can and does identify potential violations in this

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manner, the information is no good unless it filters down to someone who is responsible for verifying the information with the case file and the recipient. Often, that person is the eligibility worker. The OIG has detected situations where the States do not effectively follow up on these matches, often because the matches are listed on a long computer printout and eligibility workers either do not have time to identify cases for which they are responsible or can't decipher the information provided. To solve these problems, several States have implemented procedures to ensure that matches are investigated; and the Office of Program Inspections, OIG, is working on instructions which will facilitate the interpretation of the coded information which is provided on the computer lists of matches.

B. Unreported/Concealed Resources

The concealment of assets which exceed allowable limits is a common type of violation. Excess assets may take many forms--real property and bank accounts are two examples. The misrepresentation of assets is often made at the time of application; however, sometimes the asset comes into existence after the individual becomes eligible, e.g., through inheritance.

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Excess assets are difficult to identify and usually come to light through tips from outside sources. However, the State of Massachusetts, in late 1982, conducted a computer match designed to detect hidden excess bank account balances of public assistance recipients. The project was successful and several States have shown interest in conducting similar types of matches.

C. Misrepresentation of Family Unit

The amount of the AFDC benefit is based upon the size of the family unit and the particular needs of that unit. When the size of the unit changes as where a child marries or goes to live with another, the event must be reported. While the departure of a child or the return of an absent parent are probably the most common events affecting the size of the unit and eligibility, it is not uncommon for individuals to file for AFDC benefits on behalf of fictitious children. These cases generally involve situations where a birth or baptismal certificate has been altered or forged. Both Project Missing Kids and Project Birthdate (see Chapter VII) sought to identify cases where benefits were being paid to fictitious children.

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D. Duplicate/Multiple Aid

Unlike the SSI program where it is not possible for an individual to be receiving multiple SSI benefits under the same name and social security number (SSN), this sometimes occurs in the AFDC program. It may occur when an individual files for AFDC benefits in more than one county within the same State or when an individual files for benefits in more than one State. Many States are identifying these situations before multiple benefits are paid, by pre-screening. This involves a comparison of the applicant's SSN against the case record and SSN numbers of current AFDC recipients. While this is being done more often on an intra-State basis, i.e., among the various counties within a State, it is also being conducted on an inter-State basis.

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IV. ROLE OF THE OIG WITH RESPECT TO THE AFDC PROGRAM

The Inspector General has the duty and responsibility to supervise, coordinate, and provide policy direction for auditing and investigative activities relating to programs and operations of the Department. It is also the responsibility of the Inspector General to conduct, supervise, or coordinate relationships between the Department and other State and local agencies with respect to the prevention and detection of fraud and abuse in programs administered or financed by the Department, including the identification and prosecution of participants in such fraud and abuse.

Since the AFDC program is an HHS program, the Inspector General does have a responsibility toward it; however, since it is a State-administered program and the law does provide the States with a degree of latitude in formulating policies and procedures to implement the program, the OIG has generally limited its role to that of providing technical assistance to State and local investigative organizations and local welfare agencies. This technical assistance has included:

. The development of fraud prevention computer screens.

. Pilot projects to identify high-probability fraud targets.

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. Investigative and prosecutive support systems, e.g., the AFDC States Benefit Project (see Chapter VII).

The OIG has also cooperated with State and local AFDC agencies in the testing and refining of their fraud prevention and detection systems. This role has allowed the OIG, and more particularly the OIG Office of Investigations (OI), to develop projects and identify large numbers of potential fraud cases without straining OI's investigative resources or infringing on the jurisdiction of State and local authorities.

Chapter VII contains a listing of some of the OIG activities involving the AFDC program.

V. OI INVESTIGATOR INVOLVEMENT IN AFDC CASES

OI investigator involvement in AFDC program matters generally involves the following situations:

A. AFDC Violation Only

The AFDC program is a needs-type program, so benefits received from other cash benefit programs bear on the AFDC benefit amount. As a result, AFDC investigators often need information contained in SSA records for purposes of verifying an SSN or for purposes of determining whether (and in what amount) SSA is paying a benefit to an AFDC recipient. The AFDC States Benefit Project (see Chapter VII and Appendix A) is designed to handle these types of requests. Should it be determined that benefits are being paid, a certified extract of benefit payments and/or photocopies of the checks can also be provided under the AFDC States Benefit Project.

The thrust of the AFDC investigation in these situations is usually to establish that the individual was receiving payments under a program administered by SSA and failed to report the payments to the State or local AFDC agency.

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B. Joint Violations

Joint violations cases involve situations where a possible violation of the AFDC and an SSA-administered program exists. The most common situation of this type is where the AFDC recipient has used an SSN not assigned to him/her, or one that was obtained on the basis of false information. This situation rarely results in the OI investigator seeking Federal prosecution of the SSN violation, as it is more cost-effective from an investigative resources standpoint to let the State handle the matter. In a situation of this type, the OI investigator generally limits his/her involvement to that of helping the AFDC investigator establish that the SSN used was not assigned to the individual or that it was obtained fraudulently.

The exception to this general rule is where the facts show that SSN's are being used fraudulently as a part of a major scheme to defraud the AFDC program, e.g., where State AFDC employees are establishing fraudulent AFDC claims. In these situations, the OI investigator should consider the possibility of pursuing criminal prosecution in the Federal courts under 42 U.S.C. 408 or other felony statutes. OI has obtained successful prosecutions in these types of cases. One of the arguments the OI investigator may wish to make to a U.S. attorney in seeking Federal prosecution is that the

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misuse of the SSN's did result in a monetary loss to the Federal government since the AFDC program is funded with Federal monies.

In addition to these types of SSN-related joint investigations, the OI investigator may become involved in joint violation cases that involve a loss of funds from both programs. The following are a few examples of these types of cases:

. An OI investigation of allegations that a recipient of Disability Insurance (DI) or Supplemental Security Income (SSI) payments under the Social Security Act is working discloses that the subject is also receiving AFDC benefits for herself and her children (or just for her children), and that earnings have not been reported to SSA or AFDC authorities

. A woman is receiving SSI benefits for herself and AFDC benefits for her children. An AFDC investigator discovers that the recipient's husband is not only living in the household but is also working. Since the income of the husband is deemable to the SSI recipient under the SSI program, and his income is also material to AFDC benefits being received on behalf of the children, the possibility of a joint violation exists.

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. Same situation as above except that one of the children (instead of the wife) is the SSI recipient. The income of the father is material to eligibility/benefit amounts in both programs.

C. OI Involvement in Major AFDC Schemes

As previously indicated, the investigation of AFDC violations is generally left to the State and local investigators who have primary jurisdiction over these cases. OI involvement is generally limited to assisting the AFDC investigator in his/her efforts to establish the AFDC violation. In those instances where there is a joint violation, the OI investigator may or may not get involved in a joint investigation with the object in mind of securing Federal prosecution of the violations connected with the SSA-administered program.

Situations do arise, however, where the OI investigator becomes involved in AFDC investigations which are primarily, if not solely, AFDC in nature. For example:

County Employee Violations

It is not uncommon for an OI investigator to become involved in AFDC employee fraud situations detected initially by the State or local authorities. A perfect case in point is where

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certain AFDC County employees were suspected of establishing fraudulent AFDC claims. The State agency, not feeling it had the resources to conduct the investigation, requested the assistance of the FBI which in turn requested OI assistance. Apart from the criminal investigation, OI is also looking into how the scheme was accomplished from a systems perspective. Once questions are answered as to what program/system vulnerabilities exist and how they can be corrected, consideration will be given to conducting a study to determine to what extent the same problems may exist in other AFDC offices.

"Welfare Queens"

The OI investigator also often gets involved in those "Welfare Queen" cases which periodically surface. These cases always involve the social security number (SSN) issuance process and/or the SSN cards themselves, and frequently also involve the SSI program. These types of cases are usually worked jointly with the State AFDC agency and other State and Federal law enforcement officials who are interested in determining whether the individual also defrauded their program, e.g., Food Stamps, Medicaid, Unemployment, Workers' Compensation, State and Federal taxes, etc.

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D. OI Coordination with Federal, State, and Local Law Enforcement Officials

As noted earlier, the OI investigator, while investigating an SSA matter, will sometimes encounter possible violations of the AFDC program. When this occurs, the investigator should advise the officials responsible for investigating the AFDC violation of his/her findings and, to the extent indicated and practical, coordinate the investigation of the respective violations. Often these situations will also involve violations of other programs, e.g., Food Stamp, HUD, LIEAP, Medicaid, etc., and contact should also be made with officials of these programs.

Experience has shown that the prosecutive potential of an AFDC case is enhanced when the broad implications, i.e., loss to other programs, is also substantiated. This is true regardless of whether the prosecution is being sought in a State or Federal court. Evidence of this is found in the following excerpt of a letter from a county prosecutor to an OI unit, concerning a joint investigation where the individuals were indicted for AFDC fraud and conspiracy to obtain money by false pretenses from SSA.

"I wish to thank you for your cooperation regarding this matter. The information you provided pertaining to the fraud perpetrated by the defendants upon the Social Security Administration strengthened the case....the

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sentencing judge was aware of the fact that the defendants had fraudulently obtained $72,405.16 from the ...County...and an additional $28,746.38 from the Social Security Administration. I'm sure that the total amount of fraud involved, and the fact that the defendants simultaneously defrauded two governmental agencies, led to the imposition of a custodial sentence. Therefore, the information which you provided greatly contributed the the final outcome of this matter.

"This was an excellent example of how two governmental agencies could work together effectively in the investigation and prosecution of a criminal case."

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VI. CRIMINAL STATUTES

A. State and Local Prosecution

Congress has not required the States to enact a uniform statute for AFDC fraud nor has Congress required the States to enact State statutes (of their own design) specifically addressing AFDC fraud. The result is that where some States have enacted statutes specifically addressing AFDC fraud, others prosecute under general welfare fraud statutes, and still others prosecute under general statutes which cover fraud, larceny, false pretenses, etc. This variance among the States relative to the statutes under which prosecution is brought in AFDC cases does not appear to be a problem from the perspective of getting such cases prosecuted.

B. Federal Prosecution

While the statutes that establish many Social Security Act programs contain criminal penalty provisions applying specifically to violations of the programs, the AFDC statute does not. Consequently, when prosecution of an AFDC fraud is sought in a Federal court, Federal criminal statutes not specifically designed for AFDC fraud must be relied upon.

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As noted earlier, the SSN violation provisions under 42 U.S.C. 408(f) and (g) are applicable in many AFDC fraud prosecutions; however, prosecution is generally sought under the following provisions of Title 18 of the U.S. Code:

1. 18 U.S.C. 1001 - Statements or entries generally

This statute which applies to false statements has been successfully relied upon to obtain convictions in AFDC cases where fraudulent statements were made in applications for AFDC benefits. The language of the statute is as follows:

> "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined not more than $10,000 or imprisoned not more than five years, or both."

The two major defense arguments against the applicability of the statute are:

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. Because the program was operated by the State and because there was no reference to any Federal involvement on any of the forms which were prepared (application or redetermination forms) or on the benefit checks which were received, any fraud which may have been perpetrated was not "within the jurisdiction of any department or agency of the United States."

. In order to obtain a conviction under 18 U.S.C. 1001, the government must prove that the person committing the fraud did so with knowledge that the fraudulent statement would affect Federal funds.

The Courts have rejected these arguments by finding that:

. Where a defendant, in an AFDC application, falsifies eligibility information, the defendant directly affects the right of the State to participate in a Federal program and to obtain its share of Federal reimbursement monies. Therefore, such conduct comes within the statute prohibiting the making of false statements within the jurisdiction of a department or agency of the United States. (18 U.S.C.A. Section 1001.)

. A defendant's knowledge of Federal involvement is not an element of the crime of making false statements within the jurisdiction of a department or agency of the United States.

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(See United States v. Lewis, 587 F.2d 854 (6th Cir. 1978) and United States v. Stanford, 589 F.2d 285 (7th Cir. 1978).)

2. 18 U.S.C. 641 - Public money, property or records

Prosecution of an AFDC fraud may also be sought under 18 U.S.C. 641 on the theory that the Federal government maintains a property interest in the AFDC funds. The language of this statute is as follows:

> "Whoever embezzles, steals, purloins, or knowingly converts to his use or the use of another, or without authority, sells, conveys or disposes of any record, voucher, money, or thing of value of the United States or of any department or agency thereof, or any property made or being made under contract for the United States or any department of agency thereof; or
>
> Whoever receives, conceals, or retains the same with intent to convert it to his use or gain, knowing it to have been embezzled, stolen, purloined or converted--
>
> Shall be fined not more than $10,000 or imprisoned not more than ten years, or both; but if the value of

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such property does not exceed the sum of $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both."

One of the common defense arguments against the applicability of this statute is that the funds which have been converted or stolen do not fall within the statutory phrase "money, or thing of value of the United States." The defense will often try to buttress this argument by pointing out that the AFDC check was not even a Treasury check. This argument can be defeated by showing the interrelationship between the Federal and State government in the AFDC program and the interest of the Federal government in seeing to it that Federal funds are disbursed properly.

3. Section 1341 - Frauds and swindles

Another Federal statute which has been successfully relied upon to obtain convictions in AFDC cases is the mail fraud statute. The language of that statute is as follows:

"Whoever, having devised or intending to devise any scheme or artifice to defraud, or for obtaining money or property by means of false or fraudulent pretenses, representations, or promises, or to sell,

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dispose of, loan, exchange, alter, give away, distribute, supply, or furnish or procure for unlawful use any counterfeit or spurious coin, obligation, security, or other article, or anything represented to be or intimated or held out to be such counterfeit or spurious article, for the purpose of executing such scheme or artifice or attempting so to do, places in any post office or authorized depository for mail matter, any matter or thing whatever to be sent or delivered by the Post Office Department, or takes or receives therefrom, any such matter or thing, or knowingly causes to be delivered by mail according to the direction thereon, or at the place at which it is directed to be delivered by the person to whom it is addressed, any such matter or thing, shall be fined not more than $1,000 or imprisoned not more than five years, or both."

A common defense argument against the use of this statute is that the defendants did not themselves use the mails, i.e., the false representations of eligibility for AFDC benefits were made during personal interviews. Court decisions have held that causation element of mail fraud requires only the commission of an act with knowledge that use of mail will follow in the ordinary course of business, or when the use can reasonably be foreseen, even though not actually intended.

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(See United States v. Stanford, 589 F.2d 285 (7th Cir. 1978).)

4. Section 371 - Conspiracy to commit offense or to defraud United States

When there is evidence that more than one individual is involved in a scheme that could constitute a violation of one of the substantive offenses described above, the government will often charge the individuals under a conspiracy statute. The language of the one most commonly used is as follows:

> "If two or more persons conspire either to commit any offense against the United States, or to defraud the United States, or any agency thereof in any manner or for any purpose, and one or more of such persons do any act to effect the object of the conspiracy, each shall be fined not more than $10,000 or imprisoned not more than five years, or both.
>
> "If, however, the offense, the commission of which is the object of the conspiracy, is a misdemeanor only, the punishment for such conspiracy shall not exceed the maximum punishment provided for such misdemeanor."

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VII. OIG PROJECTS AND STUDIES

The following describes some of the AFDC projects and studies that the OIG has either conducted or has otherwise been directly involved with. The list is not all inclusive and is intended solely to give a general idea of the range of OIG interests. It should also be noted that while the OIG Office of Investigations has been involved in many of these projects because of its investigative responsibility, some of the projects have been devised and programmed by the OIG Office of Audit. Similarly, the OIG Office of Program Inspections has also significantly participated in this area.

A. Project Match

This project involved the computer match of Federal employee rolls with AFDC benefit rolls. It represented the OIG's initial broad effort to detect and combat AFDC fraud and established a precedent for large scale Federal/State matching. A great deal was learned about the Federal requirements which must be met before a match can be undertaken and about the criteria that should be selected and included in the design of a program being created to identify possible fraud cases.

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B. Connecticut Alien Benefit Project

This project, which was conducted with other Federal law enforcement agencies, was intended primarily to identify aliens who had falsified information in order to obtain student loans. As part of the investigation, OI reviewed a list of SSN's used to obtain these student loans. When OI identified an improper or invalid SSN, a check was made to determine if other Federal or State benefits were being paid under the SSN. In 36 percent of the convictions obtained to date, the indictment also charged the individual with an AFDC violation.

C. Project Missing Kids

This project, which was first conducted in Connecticut, matched AFDC records against school attendance records, vital statistics records and Medicaid records. The object of the match was to detect fictitious children on the AFDC rolls. Several convictions have been obtained, and additional cases are pending. Based upon the success of this match, the State of New Hampshire opted to conduct a similar match involving its AFDC rolls. State investigators are reviewing hundreds of cases resulting from that match.

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D. Project Sonoma

This was an experimental project done by OIG investigative staff with the Sonoma County, California Welfare Department and State Fraud Prevention Bureau. It concentrated on the AFDC program with the objective of identifying suspect cases where children in the family receiving aid were under 5 years old. Based on previous cases, a basic profile was created that simulates a case likely to have fraud associated with it. The parameters used in the profile were computerized. The output was a list of AFDC cases for further investigation. These cases were subsequently investigated by California authorities.

E. AFDC States Benefit Project (Project Sacramento)

Once called "Project Sacramento," the AFDC States Benefit Project was initiated by OI in Sacramento, California, in 1980, to respond to State and county prosecution needs to quickly obtain copies of Treasury checks and extracts of SSA payment records for use in AFDC prosecutions. Because of the success of the project, OI became the national focal point for requests for such data in welfare fraud cases.

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Project operations have since been relocated to Baltimore and renamed the "AFDC States Benefit Project." Appendix A is an extract from the AFDC States Benefit Project user's manual. It describes the purpose of the project and how one may request service from the project. The forms which are referred to in the text of the user's manual can be supplied by the OIG regional project agents, as shown in Appendix A.

F. Inventory of State Computer Matching Technology

The OIG has published an inventory of State matching activities involving the AFDC program. The inventory identifies, as of October 1982, computer matching programs conducted by States with State labor agencies, the Social Security Administration and other public and private agencies. In addition, the inventory shows the use, on a State-by-State basis, of:

. Front-end matching to verify eligibility.

. Interjurisdictional matches between States.

. Intrajurisdictional matches within States.

To facilitate information sharing, each match description also identifies a contact person for additional information. This inventory has been broadly distributed within OIG and the State AFDC agencies; additional copies may be obtained through the OIG Office of Program Inspections.

G. Standardized Formats for Computer Matching

The OIG is working with seven States and the District of Columbia to pilot test the implementation of standardized computer matching formats. The use of standardized formats is expected to:

. Reduce the degree of intrusion into personal records.

. Lead to significant savings in the elimination of costs associated with developing computer software for matching purposes.

. Reduce the amount of time it takes to conduct a matching operation.

. Reduce the number of cases in which follow-up investigation is necessary, by refining matching criteria.

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H. Project Birthdate

This project, which involves a program OIG offered to States, has been conducted in several States with good results. Under the project, the computer scans the AFDC rolls and looks for families having two or more recipients with identical birth dates. The following are some of the types of situations that are detected under this project.

. Mother and father (both receiving AFDC payments as head of different families) claiming the same dependent children.

. Mother and grandmother (both receiving AFDC payments as head of different families) claiming the same dependent children.

. Ficticious birth certificates for non-existent dependent children.

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AFDC STATES BENEFIT PROJECT APPENDIX A
USER'S MANUAL

I. PURPOSE: The AFDC States Benefit Project was established by Richard P. Kusserow, Inspector General of the Department of Health and Human Services, to assist State and local agencies in the detection and prosecution of fraud against Federal/State income maintenance and benefit programs. It provides a simple and expeditious way for State and local investigators and prosecutors to obtain information about benefits paid under Titles II and XVI of the Social Security Act. Title II benefits include Retirement, Survivors, Disability, and Black Lung benefits; Title XVI is the Supplemental Security Income program.

II. WHO MAY USE THIS SERVICE: State and local agencies involved in the investigation and prosecution of fraud against Federal, State and local income maintenance, medical assistance, and welfare programs may use the services of the AFDC States Benefit Project to obtain the information described below from the records of the Social Security Administration and the Treasury Department. Agencies that used this service before January 1, 1983 are assumed to be authorized users, and may continue to use the service.

Agencies that have not previously used these services should submit a written request to the Regional Project Agent for their region (see Paragraph VII and Attachment 1 for addresses, and regional jurisdictions of the Regional Project Agents), indicating the program(s) for which the agency is responsible and the legal authority under which the agency operates.

III. AUTHORIZED USES OF INFORMATION: Information obtained from Social Security Administration and Treasury Department records through the AFDC States Benefit Project may be used only in connection with the investigation and prosecution of fraud against Federal, State and local income maintenance, medical assistance, and welfare programs. Requests for this information for other purposes, such as investigations or prosecutions of violations of other laws or statutes, must be denied. This service is not available to law enforcement agencies not engaged in the investigation or prosecution of violations of benefit programs.

IV. TYPES OF INFORMATION AVAILABLE: State and local agencies may obtain information concerning the accuracy of social security numbers provided by applicants for benefits, eligibility for and payment of benefits under Title II and XVI of the Social Security Act, and the issuance of Title II and XVI benefit checks by the Treasury Department.

A. State Verification of the Accuracy of Social Security Numbers. The AFDC States Benefit Project will provide information from SSA's records to verify whether the social security number (SSN) provided by an applicant for State or local

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income maintenance or medical assistance benefits is the number issued to that individual. The Project will notify the requesting agency that the case and number provided do or do not match with SSA's enumeration records. The Project cannot provide a name to match a number or a number to match a name. The requester must provide both the name and the SSN which are to be verified.

B. Benefit Payment Extracts. Where the applicant for or recipient of State and local benefits is also receiving Title II or Title XVI benefits from the Social Security Administration, the Project can provide certified extracts of the benefits paid to that individual and members of his/her family who are receiving benefits. These extracts will show the date that the beneficiary became entitled to benefits, the months for which benefits were paid, and the amount of benefits paid.

C. Photocopies of Benefit Checks. If there is a need to prove that a state or local welfare applicant or recipient also actually received and negotiated benefit check(s), the Project can request and provide certified photocopies of Title II and XVI benefit checks issued by the Treasury Department. Check copy requests are limited to 3 checks per calendar year and a maximum of 18 checks per case. Copies of checks should not be requested for any period beyond the statute of limitations on prosecutions (normally 5 years.)

V. HOW TO REQUEST SERVICE: The form to use to request service from the Project is attached (Attachment 2). This form should be reproduced locally, signed by the requesting official, and mailed directly to:

AFDC States Benefit Project Manager
OI, OIG, HHS
P.O. Box 21024
Baltimore, MD 21228

A separate request form should be used for each case or each request. Project services may be requested sequentially (e.g., first request SSN verification; upon receiving verification, request a certified benefits extract; and upon receiving the extract, request check photocopies), or all needed services may be requested at the same time on the same form.

VI. CASE COMPLETION REPORT: Each requesting agency will be required to submit a report to the AFDC States Benefit Project upon completion of their action on the case, summarizing the results achieved on the case. This report should be submitted on Project Form 8S attached (Attachment 3). This information is necessary to allow the Office of the Inspector General to evaluate the results and improve the benefits of this service. Receipt of a completed form 8-S will also permit the Project to discontiue efforts on a case where violations aspects are closed while requests to the Project are pending.

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VII. ROLE OF THE REGIONAL PROJECT AGENT: A Regional Project Agent (RPA) has been designated for each of the 10 geographic regions of the Department of Health and Human Services, to serve as the primary point of contact between the Project and the State and local agencies in that region. The addresses, telephone numbers, and geographic jurisdictions of the RPA's are listed on Attachment 1. While requests for service will be mailed directly to the Baltimore address, and responses will be mailed directly back to the requester, all other contacts with the Project should be made through the RPA. The RPA will:

A. Approve requests to use the Project's services by agencies that have not previously used it.

B. Provide advice and guidance to State and local agencies concerning the services available, what type of information to request to successfully pursue a case, how to request that information, and how to interpret the information received from the Project, including how to read computer printouts that may be provided.

C. Answer inquiries from requesting agencies concerning the status of requests that have been submitted.

VIII. STATUS REPORTS ON PENDING REQUESTS: All inquiries concerning the status of requests for information submitted to the Project should be made to the Regional Project Agent. The Project will not routinely acknowledge receipt of a request; requesting agencies may send their requests by certified mail, return receipt requested, if a guarantee is needed that the request has been received. Requesting agencies should allow sufficient time to process and respond to the request before asking for the status of the request. Requesters should allow at least 4 weeks for verifications of SSN's, 6 weeks for certified benefit extracts, and 8 weeks for photocopies of checks.

IX. EXPEDITED SERVICE: The Project may be able to expedite SSN verifications and certified benefit extracts in those situations where the case is scheduled for trial in the immediate future. If expedited service is required, the RPA should be notified so that he/she may alert the Project Manager that the request is coming and provide the subject's SSN, name, and the time period for which a certified extract is needed. The request form should specify the scheduled trial date, and should be sent by express mail to the Project Manager at the address give above.

There is no procedure at this time for obtaining expedited certified check photocopies.

X. EXPERT WITNESSES: The Project will attempt to provide expert witnesses when testimony is required to introduce documents as evidence. A written request for an expert witness should be mailed to the Project Manager well in advance of the scheduled trial date. The request should specify the document for which testimony is required.

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Department of Health and Human Services
Office of Inspector General
OI, AFDC States Benefit Project
P.O. Box 21024
Baltimore, Maryland 21228

There is an AFDC Regional Project Agent (RPA) in each Federal Region. They can provide information and assist in obtaining information from the Project.

Federal Region		Regional Project Agent	Telephone
Region I	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont	PO Box 8767, JFK Station Boston, MA 02114	(617) 223-1477 FTS 8-223-1477
Region II	New York, New Jersey, Puerto Rico	PO Box 3209 Church Street Station New York, NY 10008	(212) 264-7173 FTS 8-264-7173 OR 264-8270
Region III	Delaware, District of Columbia, Maryland, Pennsylvania, Virginia, West Virginia	PO Box 8269 Philadelphia, PA 19101	(215) 596-1393 FTS 8-596-1391
Region IV	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee	PO Box 1761 Atlanta, GA 30301	(404) 221-2556 FTS 8-242-2556
Region V	Illinois, Michigan, Ohio, Wisconsin, Indiana, Minnesota	Room 1160 175 W. Jackson Blvd. Chicago, IL 60604	(312) 353-8203 FTS 8-353-8203
Region VI	Arkansas, Louisiana, New Mexico, Oklahoma, Texas	1200 Main Tower Bldg. Room 1635 Dallas, TX 75202	(214) 767-3423 FTS 8-729-3423
Region VII	Iowa, Kansas, Missouri, Nebraska	PO Box 26488 Kansas City, MO 64196	(816) 374-3811 FTS 8-758-3811
Region VIII	Colorado, Montana North Dakota, South Dakota, Utah, Wyoming	PO Box 2692 Denver, CO 80201	(303) 844-5357 FTS 8-564-5357
Region IX	Arizona, California, Hawaii, Nevada, Guam, N. Mariana Islands	PO Box 42516 San Francisco, CA 94101	(415) 556-6937 FTS 8-556-6937
Region X	Alaska, Idaho, Oregon, Washington	2901 Third Avenue Mail Stop 211 Seattle, WA 98121	(206) 399-0478 FTS 8-399-0478

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